

Message Text

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ACTION IO-14

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CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-07

PA-04 PRS-01 SP-03 SS-20 USIA-15 AID-20 COME-00 EB-11

FRB-02 TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01

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SUBJ: UNDP - 18TH GOVERNING COUNCIL - ITEM 6, UN CAPITAL
DEVELOPMENT FUND

1. SUMMARY: DEPUTY ADMINISTRATOR PATEL INTRODUCED DP/57 AND
ADDENDUM 1 SETTING FORTH NEW ORIENTATION OF CDF WITH 30
PROJECTS AT VARIOUS STAGES OF NEGOTIATION. FIFTEEN DELEGATIONS
INTERVENED IN SUPPORT OF CDF INCLUDING DOLS 640,000 PLEDGE
TO CDF BY NORWAY AND STRESS BY NETHERLANDS THAT CDF PROJECTS
SHOULD UTILIZE LOCAL CREDIT INSTITUTIONS AIMED AT POOREST PEOPLES
IN LEAST DEVELOPED COUNTRIES FOREMOST. SENSE OF COUNCIL WAS
THAT CDF MIGHT WELL BE COMBINED WITH SPECIAL FUND NOW UNDER
AD HOC COMMITTEE REVIEW, BUT THIS BEST LEFT TO HIGHER AUTHORITY.
DECISION IN SUPPORT OF NEW CDF ORIENTATION APPROVED JUNE 20.
END SUMMARY.

2. DEPUTY ADMINISTRATOR PATEL INTRODUCED DP/57 JUNE 17 INCLUDING
ANNEX WHICH LISTS 30 PROJECTS IN 18 COUNTRIES FOR POSSIBLE CDF
FINANCING. HE STRESSED DESIRABILITY OF EARLY FINANCING SOLELY
ON GRANT BASIS INSTEAD OF THROUGH REPAYABLE LOAN MECHANISM.
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HE FURTHER REQUESTED COUNCIL TO FOCUS ON NEED FOR PROVIDING

ONE SOURCE TO COVER ADMINISTRATIVE COSTS EITHER THROUGH UNDP BUDGET OR, AS PREFERRED, THROUGH PERMISSION TO USE FUND RESOURCES. HE UNDERScoreD POSITIVE FEATURE NEW CDF APPROACH TO RELY ALMOST EXCLUSIVELY FOR PROJECT MOMENTUM ON BILATERAL AND MULTILATERAL PROGRAMS SO THAT CDF INCREMENT WOULD SUPPLEMENT OR COMPLEMENT PROJECTS ALREADY UNDERWAY.

3. FIFTEEN DELEGATIONS SPOKE IN BEHALF OF CDF WITH SOLID OPENING STATEMENTS BY NORWAY AND NETHERLANDS. NORWAY, AS WAS CASE WITH MANY DELEGATIONS, REFERRED TO POSSIBILITY OF AD HOC COMMITTEE PROPOSING ABSORPTION OF CDF INTO SPECIAL FUND AS ONE POSSIBILITY SET FORTH IN CHAPTER X OF PROGRAM OF ACTION OF RECENT SPECIAL UNGA SESSION. HE PROPOSED, HOWEVER, THAT ANY GOVERNING CONCIL DISCUSSION ON SUCH AMALGAMATION PREMATURE AND SHOULD AWAIT ACTION OF AD HOC COMMITTEE, ECOSOC, AND GENERAL ASSEMBLY. NORWAY UNDER-SCORED PRIMARY THRUST OF CDF DIRECTED TOWARD LEAST DEVELOPED COUNTRIES. NORWAY ANNOUNCED DOLS 640,000 PLEDGED TO CDF IN CY 1974 APPROVED BY STORTING JUNE 10, BRINGING THEIR TOTAL CONTRIBUTION FOR '74 TO UNDP COMPLEX OF PROGRAMS TO DOLS 15 MILLION.

4. NETHERLANDS' DELEGATE AGREED FULLY WITH THREE MAIN PREMISES OF DP/57: (A) FOCUS ON LEAST DEVELOPED COUNTRIES; (B) RESOURCE AIM AT POOREST PEOPLE OF THESE COUNTRIES; AND (C) UTILIZING CDF RESOURCES LARGELY FOR REFINANCING OF LOCAL CREDIT INSTITUTIONS.

5. NETHERLANDS DELEGATE FELT THAT DP/57 GOES LONG WAY TOWARD SUPPORTING DUTCH INITIATIVE (UNGA RESOLUTION 2186), THOUGH HE JUDGED INSUFFICIENT ATTENTION TO MAKING LOCAL CREDIT INSTITUTIONS CENTRAL TO CDF FIELD GRANT PROGRAM. HE OBSERVED THAT ONLY 11 OF 30 CDF PROJECTS DEVELOPED SO FAR IN 1974 USE LOCAL CREDIT INSTITUTIONS AS PRIME MOVER OF CDF FUNDS. NETHERLANDS DELEGATE FULLY SUPPORTED NORWAY IN SUGGESTING COUNCIL NOT CONSIDER COMBINING CDF WITH PROJECTED SPECIAL FUND SINCE THIS, IN FIRST INSTANCE, RESPONSIBILITY OF AD HOC COMMITTEE.

6. DENMARK DELEGATE STRESSED NEED FOR CLOSE COORDINATION BETWEEN UNDP AND CDF. HE SUGGESTED ALL CDF ASSISTANCE BE ON GRANT BASIS AND INDICATED DENMARK WOULD HOPEFULLY CONTRIBUTE TO CDF AT NOVEMBER 1974 PLEDGING CONFERENCE IN NEW YORK.

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FINLAND DELEGATE SUPPORTED IDEA OF CDF SPECIAL FUND MERGER AND STATED THAT IN VIEW OF THIS POSSIBILITY HIS GOVERNMENT WOULD MAKE NO PLEDGE TO CDF AT THIS SESSION. YUGOSLAV DELEGATE WAS CRITICAL OF CDF'S INABILITY TO EFFECTIVELY UTILIZE ITS SUBSTANTIAL LOCAL CURRENCY OVER PAST SIX YEARS AND SUGGESTED CDF MANAGEMENT STUDY TECHNIQUES USED BY UNIDO IN UTILIZING LOCAL CURRENCY PLEDGES FOR FIELD PROGRAMS, PARTICULARLY FOUNDRY DEVELOPMENT PROJECT IN SUDAN. JAPAN DELEGATE SUPPORTED

NEW GUIDELINES IN DP/57 IN ENTIRETY AND INDICATED THAT JAPAN WILL RECONSIDER ITS ATTITUDE TOWARD CDF IF PROJECTS INITIATED OVER PAST FEW MONTHS AND FUND'S MANAGEMENT SHOULD PROVE DYNAMIC AND EFFECTIVE. SWEDEN DELEGATE STRESSED FOLLOWING FOUR ELEMENTS: (A) CDF COUNTRY PROJECTS SHOULD BE CLOSELY ALLIED WITH UNDP COUNTRY PROGRAMS; (B) IMPLEMENTATION ACTION SHOULD BE PROMPT AND EFFICIENT; (C) CDF FIELD PROGRAMS SHOULD NOT DUPLICATE THOSE OF MULTILATERAL INSTITUTIONS; AND (D) ONE-COUNTRY, ONE-VOTE THEME IN CDF OF CRUCIAL IMPORTANCE IN CONDUCT OF CDF MANAGEMENT. HE OBSERVED CDF COULD BE IMPORTANT FORCE IN UN DEVELOPMENT SYSTEM EVEN IF NOT MERGED WITH NEW SPECIAL FUND. NINE OTHER DELEGATIONS SPOKE GENERALLY IN SUPPORT OF STRENGTHENING CDF ALONG GUIDELINES SET FORTH IN DP/57.

7 PLENARY APPROVED JUNE 20 DECISION CONCURRING IN NEW ORIENTATION AND CONCENTRATION ON "PROJECTS PROVIDING MAINLY GRANTS AND DESIGNED TO BENEFIT LOW-INCOME GROUPS FIRST AND FOREMOST IN LEAST DEVELOPED COUNTRIES."
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